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## single family home

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## COVID-19 IMPACTS 2020

**The single-family housing market has managed to remain consistently strong throughout the last couple of years. Despite enduring a few ups and downs in the market, the overall pace of residential sales and purchases proved to be resilient.**

After the success in the fourth quarter of 2019, many sources predicted the first quarter of 2020 would continue to rise in terms of residential sales, purchases, and construction of single-family homes. While the market looked promising there remained an element of risk and unpredictability. No one could have anticipated the drastic economic downturn that was coming in March of 2020. The complete halt of the economy due to COVID-19 has had disastrous effects on the economy in all aspects. In late March of 2020, COVID-19, also known as the coronavirus, forced government officials of each state within the United States, as well as numerous foreign countries, to largely shut down. This pandemic has required individuals to follow the stay at home orders implemented by each state's governor, which has been addressed on a case by case basis. In short, all non-essential businesses have been forced to close their doors until the stay at home order has been lifted, but the list of 'essential' businesses identified is somewhat vague. These orders began around March 15, 2020 initially lasting for thirty days; however, it has since been extended to May 31st. Washington and Oregon have had slightly different views in handling these orders and regulations, especially surrounding construction and essential businesses, which as one can imagine, has had traumatic effects on the real estate market.

Seattle, Washington began as one of the largest epicenters for the coronavirus, forcing Washington State as a whole to initiate the shutdown. The governor deemed construction a non-essential business, making Washington only 1 of 2 states in the United States to do so. Oregon followed suit with the stay at home order, however, construction was deemed an essential business. So how has this affected the real estate market? Considering the stay at home orders are still in place and businesses still remain closed, we don't know the extent of the impacts yet, but can speak to the results that have been recorded for April and May of 2020. According to an article titled 'How COVID-19 Has Changed The Real Estate, So Far', the Washington Post stated that "The National Association of Realtors estimated a 10 percent reduction in sales for 2020." The author goes on to add that this is all dependent upon the unemployment rate and where that trends, which as of just recently has been reported at the highest the United States has seen since the Great Depression, surpassing 15% unemployment. During this time, residential home statistics have been difficult to gather in both the Oregon and Washington areas, however, virtual home tours have surged and hit an all-time high according to a few credible sources. How has this affected home sales and purchases though?

### PORTLAND METRO AREA

Surprisingly enough, home sales in Oregon and Southwest Washington have risen. Janet Eastman, author of the article "Home sales across Oregon and Southwest Washington rise during the coronavirus: Check your area's value", stated that brokers and sellers still managed to sell and make profit from residential properties, even during this unprecedented time. Oregon has also been reported as "the state with the largest housing shortage in the nation." Freddie Mac illustrated the housing stock deficit state by state, and although a total of 29 states have a housing shortage, Oregon still conveyed the highest. Despite the lower number of houses available to be purchased, brokers have noticed that buyers who have still maintained a consistent income and a profitable job are the ones seeking to purchase. Many of those individuals hope to capitalize on the decrease in home prices and the low mortgage rates. The low mortgage rates have been extremely enticing to home buyers and homeowners, inviting many to even refinance their homes. Refinancing has become quite popular during this time as homeowners want to take advantage of the low rates while they still can. With that being said, reports of sales rising are a relative term, and reports from RMLS show the statistics being somewhat sporadic and inconclusive.

According to RMLS, the Q1 2020 report for the Portland metro area showed decreases in listings, pending sales, and inventory, yet closed sales seem to have increased. New listings decreased by a mere 1% in March of 2020, compared to March of 2019, which seems reasonable as individuals were no longer putting their houses on the market once COVID-19 struck. This also affected the pending sales as they decreased 14.3% in March of 2020 compared to March of 2019. It's important to note that most of this decreasing percentage occurred after February offers were accepted, but sales did not follow through, therefore causing pending sales to fall 7.9% between February and March of 2020. Many sources speculate that home buyers were retracting their offers in March of 2020, due to the pandemic, the uncertainty of the market, and their income. With all of these declines, closed sales seemed to prevail in comparison to 2019. In the Portland metro area closed sales increased 7.9% in March of 2020 compared to March of 2019, and 24.2% in February of 2020 compared to February of 2019 (RMLS). This statistic seems somewhat counterintuitive, however, this could be another explanation as to why pending sales decreased, as they became closed sales. There are various thoughts and theories as to why there was an increase in closed sales in 2020 relative to 2019, especially as the coronavirus emerged, but it's difficult to pinpoint an exact cause.

## **CLARK COUNTY**

The Southwest Washington area, also commonly referred to as Clark County, has also experienced many of these decreases and increases in terms of sales and listings. In March of 2020 new listings dropped in Clark County by 0.6% compared to March of 2019, and also dropped by 31% compared to February of 2019, which is a drastic decrease. Following this, pending sales decreased, as did closed sales. According to the RMLS report, closed sales decreased by 3% in March of 2020 in comparison to March of 2019. It's quite interesting that closed sales declined in Clark County during this time, as opposed to the increase that was reported in the Portland metro area. The decrease in sales could potentially be due in part to increase in the average sale price. The Southwest Washington area has been on the rise in terms of increased housing, allowing sellers to hike up their prices, prior to COVID-19. Also, as was addressed earlier, the stay at home orders and essential businesses in Oregon and Washington were different, specifically in terms of construction. With construction being non-essential in Washington for nearly a month and a half, all residential and commercial projects were stalled, which did and will continue to have a huge impact in the months to come during recovery. On the contrary, Oregon listed construction as an essential job, therefore all projects could continue, without stalls. Overall, it's clear that between the Portland metro area and Clark County, there were decreases in both listings and sales, which can largely be attributed to the pandemic (RMLS).

## COOS COUNTY

Coos County has also seen some of the major changes in the single-family housing market toward the end of Q1 of 2020. Coos County includes areas of Oregon, including Lakeside, Bend, and Coos Bay, which have all experienced growth in their communities and residential markets. However, a few sources noted the decrease in demand for housing in this county as a whole in 2019, alluding to a potential trend for 2020. Despite this prediction, new listings seemingly increased by 7.5% in March of 2020 compared to March of 2019. This could be a result of COVID-19 and homeowners putting their houses on the market due to recent unemployment, inability to pay mortgage payments, the need to pay off debt, or downsizing during this difficult time, etc. Similar to the Portland metro area, this was followed by an increase in closed sales. Closed sales increased in Coos County by 1.3% in March of 2020 compared to March of 2019, and 8.6% in February of 2020 compared to February of 2019 (RMLS). It's challenging for analysts to theorize on why the increases during such a trying time and the start of a traumatic pandemic. In Q4 of 2019, this area saw a decrease in new listings, pending sales, and closed sales, and Q1 of 2020 was the opposite, which is ironic considering the circumstances. The average sales price continued to rise as well, but that didn't seem to deter home buyers by any means. The Portland metro area, Clark County, and Coos County all seemed to endure different ebbs and flows of the residential market in the first quarter of 2020, allowing for much speculation.

In conclusion, the single-family housing market is an unpredictable and challenging aspect of the economy. The analysis of sales and purchases in 2019 allowed for educated guesses and speculations on the Q1 2020 sales. However, the unexpected coronavirus threw all of those forecastings out the window, for lack of a better phrase. The increases and decreases in listings, pending sales, closed sales, and inventory were somewhat sporadic in different counties between Oregon and Washington, making it difficult to identify the "why" behind the results. With the COVID-19 crisis still occurring, it's nearly impossible to predict where the housing market will end up and how it will recover, as the full impacts have not even been recognized. This pandemic is uncharted territory and is something that has affected all aspects of the economy. All in all, the hope is that the housing market eventually recovers and stabilizes as it has done time and time again.

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